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Economic Investment Trust Limited



Seventy-Sixth Annual Report
December 31, 2002

Economic Investment Trust Limited

THE YEAR AT A GLANCE 76th Annual Report

	2002	2001
Total investment income	\$ 7,381	\$ 6,185
Net investment income	\$ 4,457	\$ 5,122
Net investment income per common share	\$ 0.79	\$ 0.91
Regular dividends per common share	\$ 0.60	\$ 0.82
Net assets (Market value)	\$ 344,741	\$ 374,087
Net equity value per common share	\$ 61.12	\$ 66.33
Number of common shares outstanding at year end	5,615,535	5,615,535

In thousands of dollars, except number of common shares outstanding and per share amounts.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 11:45 a.m. on Wednesday, March 26, 2003, in the Board Room of The Dominion of Canada General Insurance Company, 4th Floor, 165 University Avenue, Toronto. All Shareholders are invited to attend.

HEAD OFFICE

Tenth Floor, 165 University Avenue, Toronto, Ontario
Tel: 416-947-2578

SHARES LISTED

Toronto Stock Exchange

STOCK SYMBOLS

Common

EVT

Series A Preferred

EVT.PR.A

BANKERS

Bank of Nova Scotia

AUDITORS

PricewaterhouseCoopers LLP

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada

Economic Investment Trust Limited

BOARD OF DIRECTORS

J. CHRISTOPHER BARRON	Chairman Scotia Cassels Investment Counsel Limited
IRVING R. GERSTEIN	President Glenoak Capital
DUNCAN N. R. JACKMAN	Managing Director The Fulcrum Investment Company Limited
THE HONOURABLE HENRY N. R. JACKMAN	Chairman & President E-L Financial Corporation Limited
R.B. MATTHEWS	President Manitou Capital Corporation
HELEN J. ROTENBERG	Corporate Director
MARK M. TAYLOR	Vice-President, Finance and Secretary E-L Financial Corporation Limited

OFFICERS

DUNCAN N. R. JACKMAN	Chairman of the Board
MARK M. TAYLOR	Secretary
TRAVIS R. EPP	Treasurer

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment strategy

Effective January 1, 2002, the investment strategy of the Company changed to allow for increased investment in non-Canadian capital markets. During fiscal 2002, the composition of the portfolio changed significantly as the Company increased its exposure to investment opportunities outside of Canada. As a result of the change in investment strategy the company no longer is an Investment Corporation under the Income Tax Act (Canada).

Operating results

Net investment income

The Company's net investment income in 2002 was \$4,457,000 compared to 2001 net investment income of \$5,122,000. On a per common share basis, net investment income decreased to \$0.79 in 2002 from \$0.91 in 2001.

The composition of dividend income changed significantly during the year due to the change in investment strategy. On an overall basis, dividend income increased by 22.0% from \$5,898,000 in 2001 to \$7,194,000 in 2002. Foreign dividend income increased significantly from \$456,000 in 2001 to \$5,284,000 in 2002 while Canadian dividend income decreased to \$1,910,000 in 2002 compared to \$5,442,000 in 2001. Interest income amounted to \$187,000 in 2002 compared to \$287,000 in 2001.

Operating expenses amounted to \$1,300,000 (2001 - \$1,221,000) or .35% (2001 - .33%) of average net assets for each respective year.

Net gain (loss) on investments

The Company's realized gain (loss) and change in unrealized appreciation of investments for the year ended December 31, 2002 was a net loss of \$30,630,000 compared with a net loss of \$11,119,000 in 2001. The net loss in 2002 was due to poor performance in the U.S. communications sector as well as a general decline in the global markets. In 2001, the net loss was primarily a result of the company's Canadian securities performance in the financial services and industrial products sectors.

The investment portfolio of the Company is comprised of a mix of high yielding and low yielding foreign and Canadian investments. Net investment income, net realized gains (losses) on investments, net change in unrealized appreciation of investments and net asset value per share will vary significantly from period to period depending on the investment mix which moves with the constantly changing economic environment and market conditions.

Dividends

Regular quarterly dividends were paid on our preferred shares. Dividends out of net investment income on the common shares outstanding, totalled \$0.60 per share compared with \$0.82 per share during 2001.

Economic Investment Trust Limited

Assets

Total assets are \$358,455,000 at December 31, 2002 which is a decrease of 5.2% from 2001's total assets of \$378,236,000. The composition of the investments held at year-end reflects the change in investment strategy of the company. The market value of foreign securities at year-end increased to \$201,789,000 in 2002 compared to \$20,162,000 in 2001. The cost of foreign equities also rose significantly from \$20,377,000 in 2001 to \$225,347,000 at the end of 2002. The company's exposure to Canadian equities was reduced during the year. At year-end, the market value of Canadian equities was \$149,514,000 (2001 - \$352,520,000) while the cost was \$26,444,000 (2001 - \$239,641,000).

Overall, the Company's net equity value per share decreased from \$66.33 in 2001 to \$61.12 in 2002, achieving an annual rate of return of (7.0)% based on reinvestment of cash distributions at month-end net asset values. During the comparable period, the TSX 300 Total Return Index decreased 12.4% while the MSCI World Index (C\$) decreased 20.2%.

Liquidity and Capital Resources

Liquidity refers to the Company's ability to maintain a cash flow adequate to fund operations and capital investments on a timely and cost efficient basis. It is the objective of the Company to provide its shareholders an above average total rate of return through long-term capital appreciation and dividend yield, principally in equity securities. From time to time, however, assets of the Company may be invested in interest bearing short-term securities pending the selection of suitable equity investments. The Company's income from operations after payment of taxable dividends is used to fund operating costs as well as provide resources for additional investments.

Economic Investment Trust Limited has always been a vehicle for long term growth through investment in common equities. Management believes that over long periods of time, common equities as an asset class will outperform fixed income instruments or balanced funds. The price of this commitment to equities is increased volatility and the last year has been one of the most volatile in recent memory.

As the company's investment philosophy is of a long-term nature, short-term volatility is expected and tolerated. We remain confident that our investment strategy will reward our shareholders over the long term.

February 4, 2003

Duncan N.R. Jackman
Chairman of the Board

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF NET ASSETS

	December 31	
	2002	2001
	(in thousands)	
ASSETS		
Investments, at indicated market value (cost - \$251,791; 2001 - \$260,018)	\$ 351,303	\$ 372,682
Cash	3,601	459
Short-term investments	—	4,128
Receivable in respect of investments sold	1,448	—
Accrued income on investments	747	592
Income taxes receivable	1,200	328
Other assets	156	47
	<u>358,455</u>	<u>378,236</u>
LIABILITIES		
Accounts payable and accrued liabilities	166	109
Payable in respect of investments purchased	392	—
Future income taxes (Note 1(h))	13,156	4,040
	<u>13,714</u>	<u>4,149</u>
Net assets, at indicated market value	<u>\$ 344,741</u>	<u>\$ 374,087</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 4)	\$ 206,157	\$ 206,216
Contributed surplus (Note 4)	1,493	1,492
Unrealized appreciation of investments (Note 2)	85,025	108,624
Retained earnings	52,066	57,755
Total shareholders' equity	<u>\$ 344,741</u>	<u>\$ 374,087</u>

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN Director

J. CHRISTOPHER BARRON Director

(See accompanying notes)

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF OPERATIONS

	Year ended December 31	
	2002	2001
	(in thousands)	
INVESTMENT INCOME		
Dividends:		
Canadian	\$ 1,910	\$ 5,442
Foreign	5,284	456
	7,194	5,898
Interest	187	287
	7,381	6,185
Expenses:		
Operating	1,300	1,221
Income taxes (recovery) (Note 2)	1,624	(158)
	2,924	1,063
NET INVESTMENT INCOME	4,457	5,122
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments (Note 3)	(7,031)	17,272
Net change in unrealized appreciation of investments ..	(23,599)	(28,391)
NET LOSS ON INVESTMENTS	(30,630)	(11,119)
DECREASE IN NET ASSETS FROM OPERATIONS	\$ (26,173)	\$ (5,997)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended December 31	
	2002	2001
	(in thousands)	
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 57,755	\$ 123,122
Add:		
Net investment income	4,457	5,122
Net realized gain on investments	—	17,272
Refundable taxes recovered	1,148	1,555
	63,360	147,071
Deduct:		
Dividends from net investment income (Note 4)	3,445	4,666
Net realized loss on investments	7,031	—
Capital gains dividends, net of income tax recovery of \$28,969 in 2001	—	82,834
Provision for refundable taxes	818	1,816
	11,294	89,316
RETAINED EARNINGS, END OF YEAR	\$ 52,066	\$ 57,755

(See accompanying notes)

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	2002	2001
	(in thousands)	
DECREASE IN NET ASSETS FROM OPERATIONS	\$ (26,173)	\$ (5,997)
DISTRIBUTIONS TO SHAREHOLDERS		
Common shareholders		
From net investment income	(3,369)	(4,583)
From net realized gain on investments	—	(111,804)
	(3,369)	(116,387)
Less: Shares issued as stock dividends	—	83,838
Cash distributions to common shareholders	(3,369)	(32,549)
Cash distributions to preferred shareholders	(76)	(83)
	(3,445)	(32,632)
CAPITAL SHARE TRANSACTIONS		
Purchase of preferred shares for cancellation	(58)	(150)
TAXATION CHANGES		
Income taxes recoverable on distributions from net realized gain on investments	—	28,969
Net (increase) decrease in refundable dividend tax tax on hand	330	(261)
	330	28,708
DECREASE IN NET ASSETS	(29,346)	(10,071)
NET ASSETS, BEGINNING OF YEAR	374,087	384,158
NET ASSETS, END OF YEAR	<u>\$ 344,741</u>	<u>\$ 374,087</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended December 31, 2002

DATA PER COMMON SHARE	2002	2001	2000	1999	1998
NET EQUITY VALUE, beginning of year	\$ 66.33	\$ 72.57	\$ 59.35	\$ 55.26	\$ 55.82
INCOME (LOSS) FROM INVESTMENT OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	0.79	0.91	0.85	0.74	0.91
Net realized and unrealized gains (losses) on investments	(5.45)	(1.98)	9.32	3.73	(0.80)
	(4.66)	(1.07)	10.17	4.47	0.11
DISTRIBUTIONS TO SHAREHOLDERS					
Common shareholders					
From net investment income	(0.60)	(0.82)	(0.70)	(0.68)	(0.63)
From net realized gains on investments	—	(19.91)	(2.57)	(2.06)	(2.61)
	(0.60)	(20.73)	(3.27)	(2.74)	(3.24)
Less: Shares issued as stock dividends	—	14.93	1.93	1.55	1.96
Cash distributions to common shareholders	(0.60)	(5.80)	(1.34)	(1.19)	(1.28)
Cash distributions to preferred shareholders	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
	(0.61)	(5.81)	(1.36)	(1.21)	(1.30)
TAXATION CHANGES					
Income taxes recoverable on distributions from net realized gain on investments	—	5.17	0.83	0.68	0.85
Change in refundable capital gains tax on hand	—	(4.48)	3.61	0.18	(0.20)
Net (increase) decrease in refundable dividend tax on hand	0.06	(0.05)	(0.03)	(0.03)	(0.02)
	0.06	0.64	4.41	0.83	0.63
NET EQUITY VALUE, end of year	\$ 61.12	\$ 66.33	\$ 72.57	\$ 59.35	\$ 55.26

All per share figures have been restated based on the number of common shares outstanding at December 31, 2002.

(See accompanying notes)

Economic Investment Trust Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2002

1. Summary of significant accounting policies

(a) Principles of consolidation -

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Econos Foreign Investment Company Limited, Econos Canadian Investment Company Limited and Econos N.V.G. Investment Company Limited.

(b) Carrying value of investments -

The market values of investments listed on stock exchanges are based on closing market quotations. The market values of investments not listed on stock exchanges have been determined by the directors based on the underlying market values of the net assets represented by such securities.

(c) Investment transactions -

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are calculated on an average cost basis.

(d) Short-term investments -

Short-term investments consist of treasury bills, commercial paper, guaranteed investment certificates and bankers' acceptances held for investment purposes. These investments are carried at cost, which approximates fair value.

(e) Dividend and interest income -

Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.

(f) Foreign exchange -

Foreign currency amounts included in the financial statements are stated in Canadian dollars on the following basis:

- market value of investments at the closing rate of exchange; and
- purchases and sales of investments, investment income and expenses at the rate of exchange prevailing when the transactions giving rise to such items occurred.

(g) Forward currency contracts -

The company periodically utilizes forward currency contracts to reduce foreign currency exposure on foreign equity investments. Contracts are carried at market and upon maturity the realized gain or loss is included in realized gain (loss) on investments.

(h) Income taxes -

The company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be settled on the unrealized net capital gain on the investments held by the company.

Prior to January 1, 2002, except for the investments held by the company's wholly-owned subsidiaries, no provision was made for future income taxes on the unrealized net capital gains on investments held in the company's investment portfolio since the company qualified as an investment corporation under section 130 of the Income Tax Act (Canada) ("the Act") and such taxes were recoverable upon payment of a capital gains dividends by the company (Note 2).

2. Taxation

The company is a public corporation under the Act and is subject to tax at normal corporate rates on its realized net taxable capital gains and on investment income other than taxable dividends received from corporations resident in Canada. The company is also subject to a special tax of up to 33 1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1.00 of each \$3.00 of such dividends paid. The amount eligible for refund at December 31, 2002 all of which is included in the statement of retained earnings, amounted to \$399,819 (2001 - \$728,110).

Economic Investment Trust Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2002 (continued)

	2002	2001
Basic combined federal and provincial rate	38.62%	41.94%
Effect of tax on subsidiaries' income at basic tax rate and other adjustments	0.32	(3.89)
Effective tax rate	38.94%	38.05%
Applied to		
Net investment income for the year	\$ 4,457	\$ 5,122
Add: Income taxes (recovery)	1,624	(158)
Foreign withholding taxes expensed	—	64
	6,081	5,028
Less: Dividends from taxable Canadian companies ...	1,910	5,442
	\$ 4,171	\$ (414)
Provision for (recovery of) income taxes	\$ 1,624	\$ (158)

Beginning with the 2002 fiscal year, the company did not meet the requirements to qualify as an investment corporation under the Act. Consequently, the company is required to record a provision for future income taxes on the unrealized net capital gains for tax purposes as it no longer is eligible to receive a refund of income taxes paid on realized gains by distributing a subsequent capital gains dividend to its shareholders. Accordingly, on January 1, 2002, the parent company recorded a provision for future income taxes of approximately \$17,336,000 based on the unrealized net capital gains for tax purposes of \$111,365,000 on its investments as at December 31, 2001.

The details of unrealized appreciation of investments as at December 31 are as follows:

	2002	2001
	(in thousands)	
Investments at market value	\$ 351,303	\$ 372,682
Investments at cost	251,791	260,018
Unrealized appreciation of investments before provision for future income taxes	99,512	112,664
Future income taxes	14,487	4,040
Unrealized appreciation of investments	\$ 85,025	\$ 108,624

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Economic Investment Trust Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2002 (continued)

3. Realized gain (loss) on investments

The following are the details of the realized gain (loss) on investments during the years indicated:

	2002	2001
	(in thousands)	
Proceeds on sales of investments	\$ 294,005	\$ 168,930
Cost of investments, beginning of year	260,018	263,613
Cost of investments purchased during the year	294,140	144,010
	554,158	407,623
Cost of investments, end of year	251,791	260,018
Cost of investments sold during the year	302,367	147,605
Realized gain (loss) on investments sold before taxes	(8,362)	21,325
Provision for (recovery of) taxes on realized net taxable capital gains (losses)	(1,331)	4,053
Net realized gain (loss) on investments	\$ (7,031)	\$ 17,272

4. Capital stock and dividends

The authorized classes of share capital at December 31, 2002 are as follows:

- 129,315 cumulative preferred shares; and
- an unlimited number of common shares.

The directors have designated the first series of preferred shares as Series A. The series consists of 29,315 authorized shares which have a cumulative dividend of \$2.50 per share per annum and are redeemable at any time at a price of \$52.50 per share together with any unpaid dividends. The articles of the company provide that the company, in the reasonable exercise of its discretion, will annually purchase for cancellation 2,500 5% cumulative preferred shares Series A, at a price not to exceed \$50.00 per share.

The following cash dividends were paid during the year ended December 31, 2002:

	Regular dividends
	(in thousands)
On preferred shares, \$2.50 (2001 - \$2.50) per share	\$ 76
On 5,615,535 common shares, \$0.60 (2001 - \$0.85) per share	3,369
	\$ 3,445

The comparative per share regular dividend amounts on the common shares have been adjusted to reflect the two for one stock split that occurred in 2001.

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Economic Investment Trust Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2002 (continued)

The changes in capital stock during the year were as follows:

COMMON SHARES	2002		2001	
	Number of shares	Amount	Number of shares	Amount
		(000's)		(000's)
Balance, beginning of year	5,615,535.000	\$ 204,691	2,300,469.000	\$ 120,854
Capital gains stock dividends .	—	—	395,576.247	68,323
Redemption of fractional shares	—	—	(64,247)	(11)
	5,615,535.000	204,691	2,695,981.000	189,166
Stock split	—	—	2,695,981.000	—
	5,615,535.000	204,691	5,391,962.000	189,166
Capital gains stock dividend	—	—	223,629.760	15,529
Redemption of fractional shares	—	—	(56.760)	(4)
Balance, end of year	<u>5,615,535.000</u>	<u>\$ 204,691</u>	<u>5,615,535.000</u>	<u>\$ 204,691</u>

SERIES A PREFERRED SHARES	2002		2001	
	Number of shares	Amount	Number of shares	Amount
		(000's)		(000's)
Balance, beginning of year	30,490	\$ 1,525	33,490	\$ 1,675
Shares purchased for cancellation	(1,175)	(59)	(3,000)	(150)
Balance, end of year	<u>29,315</u>	<u>\$ 1,466</u>	<u>30,490</u>	<u>\$ 1,525</u>

The difference between the stated capital and the cost of the preferred shares purchased for cancellation has been credited to contributed surplus.

The capital stock account of the company is as follows:

	December 31	
	2002	2001
	(in thousands)	
Series A preferred shares		
Issued - 29,315 (2001 - 30,490) shares	\$ 1,466	\$ 1,525
Common shares		
Issued - 5,615,535 shares	204,691	204,691
	<u>\$ 206,157</u>	<u>\$ 206,216</u>

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Economic Investment Trust Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2002 (continued)

5. Related party information

Included in the company's investments are securities in significantly influenced companies with a market value of \$132,888,000 (2001 - \$115,787,000). Dividends from these companies for the year ended December 31, 2002 amounted to \$1,248,000 (2001 - \$1,160,000). The company was allocated its share of operating expenses by one of these companies in the amount of \$175,000 (2001 - \$154,000).

6. Securities lending

The company has entered into a securities lending program with its custodian, Royal Trust Corporation of Canada (Royal Trust). The company will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally be comprised of obligations guaranteed by the Government of Canada or a province thereof, or other governments with appropriate credit ratings. In the event that any of the loaned securities are not returned to Royal Trust, Royal Trust at its option, may either restore to the company securities identical to the loaned securities or it will pay to the company the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned to Royal Trust ("Valuation date"). If the collateral is not sufficient to allow Royal Trust to pay such market value to the company, Royal Trust shall indemnify the company for the difference between the market value of the securities and the value of such collateral on the Valuation date.

As at December 31, 2002, the company has loaned approximately \$40,700,000 in securities, received approximately \$43,500,000 in collateral, and recognized \$51,000 in securities lending income (2001 - \$nil). Income from securities lending is included in interest income in the statement of operations of the company.

7. Net equity value of the company's common shares

The net equity value of the company's common shares is determined by deducting the outstanding preferred shares at their cost of redemption from the net assets of the company. The net equity value per common share is the net equity value divided by the number of common shares outstanding.

	December 31	
	2002	2001
	(in thousands)	
Net assets	\$ 344,741	\$ 374,087
Deduct: Cost of redemption of preferred shares	1,539	1,601
Net equity value	\$ 343,202	\$ 372,486
Net equity value per common share	\$ 61.12	\$ 66.33

Economic Investment Trust Limited

MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Company are described in Note 1 to the financial statements. Financial information used elsewhere in the Annual Report is consistent with that in the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Board reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors, who are appointed by the shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on this page.

Duncan N.R. Jackman
Chairman of the Board
February 4, 2003

Travis R. Epp
Treasurer

AUDITORS' REPORT

To the Shareholders of
Economic Investment Trust Limited:

We have audited the accompanying consolidated statement of net assets of Economic Investment Trust Limited as at December 31, 2002 and 2001, and the consolidated statement of investments as at December 31, 2002, the consolidated statements of operations, retained earnings and changes in net assets for the years then ended, and the statement of financial highlights for each of the years in the five year period ended December 31, 2002. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and 2001, its results of operations and changes in net assets for the years then ended, and its financial highlights for each of the years in the five year period ended December 31, 2002, in accordance with Canadian generally accepted accounting principles.

February 4, 2003
Toronto, Canada

PricewaterhouseCoopers LLP
Chartered Accountants

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2002

Number of shares or par value		Cost	Market value	% of Market
		(000's)		
North America				
Canada				
212,638	Algoma Central Corporation	\$ 2,974	\$ 9,569	
197,571	Bank of Nova Scotia	5,123	10,404	
58,700	Canadian National Railway	1,961	3,831	
326,567	E-L Financial Corporation Limited	6,790	75,110	
31,776	Ecando Investments Limited Classes A, B and common	4,139	20,093	
176,414	The Fulcrum Investment Company Limited	464	6,369	
27,144	Magna Int'l Inc. Class A	3,134	2,391	
207,139	NVG Holdings Limited * Classes B, C, D, E and common	1,541	16,726	
4,765	TGV Holdings Limited Cl. B *	318	5,021	
		26,444	149,514	42.6
United States				
99,000	Bank of America Corporation	9,690	10,881	
58,100	Chubb Corporation	5,531	4,791	
39,000	ConocoPhillips	3,135	2,981	
76,500	Entergy Corporation	5,471	5,510	
71,700	Health Net Inc.	2,826	2,990	
125,000	Hewlett Packard Company	3,751	3,428	
28,000	Lehman Brothers Holdings Inc.	2,583	2,357	
53,000	Metlife, Inc.	1,969	2,264	
91,000	Pfizer Inc.	5,738	4,395	
83,600	Philip Morris Companies Inc.	6,961	5,353	
33,400	Pulte Homes, Inc.	2,865	2,526	
651,000	Qwest Communications Int'l. Inc.	7,208	5,142	
90,000	Travelers Property Casualty Corp.	1,981	2,083	
64,000	Valero Energy Corporation	3,389	3,735	
180,800	Washington Mutual, Inc.	9,418	9,863	
47,000	Whirlpool Corporation	5,412	3,877	
20,000	XL Capital Ltd. Class A	2,448	2,441	
		80,376	74,617	21.2
	Total North America	106,820	224,131	63.8
Latin America				
76,151	Cemex SA de C.V. ADR	2,987	2,588	
88,000	Petroleo Brasileiro SA ADR	3,311	1,863	
		6,298	4,451	1.3
Europe, excluding United Kingdom				
36,500	AMB Generali Holding AG	5,600	3,147	
186,000	Arcelor	3,989	3,614	
70,000	Assurances Générale de France	5,249	3,702	
47,500	Autoliv, Inc.	1,573	1,537	

* The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia.

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Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2002

Number of shares or parvalue		Cost	Market value	% of Market
		(000's)		
	Europe, excluding United Kingdom (cont'd)			
78,300	BNP Paribas SA	\$ 5,862	\$ 5,040	
88,000	Compagnie de Saint-Gobain	5,303	4,079	
121,900	DSM NV	7,596	8,766	
181,400	ENI S.P.A.	3,978	4,556	
118,000	Grupo Dragados, SA	2,495	3,169	
6,700	HeidelbergerCement AG	466	394	
87,000	PSA Peugeot Citroen	5,823	5,605	
52,400	Société Générale-A	4,886	4,821	
120,800	Svenska Cellulosa AB	6,236	6,439	
71,000	Volkswagen AG	4,674	4,089	
		63,730	58,958	16.8
	United Kingdom			
325,000	Bank of Ireland	5,153	5,253	
1,273,800	Royal & Sun Alliance Insurance Group PLC	8,471	3,912	
1,255,000	Safeway PLC	9,149	6,807	
440,000	Six Continents PLC	7,227	5,618	
1,200,000	Vodafone Group PLC	2,836	3,456	
400,000	Wolseley PLC	5,640	5,305	
		38,476	30,351	8.6
	Asia			
90,000	Canon Inc.	5,007	5,355	
794,280	Compal Electronics Inc.	7,006	6,462	
31,463	Emerging Markets Investor Fund	1,065	827	
88,000	Honda Motor Company Limited	5,696	5,143	
60,000	Kookmin Credit Card Co., Ltd.	2,404	2,310	
200,000	Nippon Meat Packers, Inc.	2,493	3,155	
637,000	Nissan Motor Co. Ltd.	6,937	7,852	
59,800	Takefuji Corporation	5,859	5,453	
		36,467	36,557	10.4
	Forward Exchange Contracts (in millions)			
	United States			
(1.1)	US Dollars - payable 19Mar03	—	(23)	
(41.8)	US Dollars - payable 19Mar03	—	(1,049)	
(2.3)	US Dollars - payable 19Mar03	—	(15)	
	United Kingdom			
(7.0)	Pound Sterling - payable 19Mar03	—	(698)	
	Japan			
78	Japanese Yen - receivable 19Mar03	—	36	
(2,037)	Japanese Yen - payable 19Mar03	—	(1,396)	
		—	(3,145)	(0.9)
	Total investments	\$ 251,791	\$ 351,303	100.0

Economic Investment Trust Limited

Economic Investment Trust Limited was the first closed end investment trust formed in Canada in the 1920's. The trust was sponsored by the chartered accounting firm of George A. Touche & Company.

The initial capitalization consisted of 32,250 shares issued in 1927 at \$50 for a total of \$1,612,500. In addition, \$1,000,000 of 30 year 5% Collateral Trust Gold Bonds were issued in 1927, making the total amount of initial capital subscribed \$2,612,500.

FINANCIAL RECORD - 1928 - 2002

Year Ended March 31	Total Net Assets at Market Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Income Available For Common Shares	Net Equity Value per Common Share=
1928	\$ 2,776,143	\$ 1,000,000	\$ —	\$ 1,776,143	\$ 59,836	\$ 0.81
1929	2,990,242	1,000,000	—	1,990,242	108,757	0.77
1930	3,064,552	1,000,000	—	2,064,552	132,219	0.76
1931	2,344,127	1,000,000	—	1,344,127	109,133	0.50
1932	1,412,796	990,000	—	422,796	69,803	0.16
1933	1,161,715	962,500	—	199,215	36,538	0.07
1934	1,808,188	959,500	—	848,688	29,378	0.31
1935	1,838,293	949,500	—	888,793	27,665	0.33
1936	2,353,313	949,500	—	1,403,813	39,181	0.52
1937	3,084,608	949,500	—	2,135,108	83,259	0.79
1938	2,028,005	1,000,000	—	1,028,005	89,611	0.38
1939	2,322,361	1,000,000	—	1,322,361	73,262	0.49
1940	2,779,329	1,000,000	—	1,779,329	64,964	0.66
1941	2,350,199	1,000,000	—	1,350,199	89,373	0.50
1942	2,145,074	1,000,000	—	1,145,074	86,242	0.42
1943	2,604,866	1,000,000	—	1,604,866	79,552	0.59
1944	2,889,930	1,000,000	—	1,889,930	91,189	0.70
1945	3,238,955	1,000,000	—	2,238,955	93,286	0.82
1946	3,896,005	1,000,000	—	2,896,005	83,594	1.07
1947	3,663,744	1,000,000	—	2,663,744	88,005	0.98
1948	3,522,969	1,000,000	—	2,522,969	103,576	0.93
1949	3,555,427	1,000,000	—	2,555,427	146,777	0.94
1950	3,835,291	1,000,000	—	2,835,291	164,712	1.04
1951	5,083,980	1,250,000	—	3,833,980	187,339	1.13
1952	5,242,547	1,250,000	—	3,992,547	224,680	1.18
Year End Dec. 31						
1953	5,197,984	1,250,000	—	3,947,984	189,902	1.16
1954	6,579,007	1,250,000	—	5,329,007	203,946	1.57
1955	8,972,261	2,000,000	—	6,972,261	244,543	1.71
1956	9,927,524	3,000,000	—	6,927,524	268,643	1.70
1957	8,299,244	2,940,000	—	5,359,244	267,456	1.30
1958	10,802,381	2,940,000	—	7,862,381	244,745	1.91
1959	11,125,555	2,920,000	—	8,205,555	250,593	1.99
1960	11,462,158	2,902,500	—	8,559,658	279,614	2.06
1961	15,222,285	2,509,500	—	12,712,785	348,260	2.41
1962	15,959,655	2,000,000	2,100,000	11,859,655	373,627	2.11
1963	17,633,299	2,000,000	2,100,000	13,533,299	395,390	2.41
1964	20,955,088	—	5,250,000	15,705,088	426,318	2.80
1965	21,897,735	—	5,250,000	16,647,735	457,768	2.97
1966	19,613,106	—	5,250,000	14,363,106	487,222	2.56
1967	23,076,097	—	5,128,462	17,947,635	540,082	3.20
1968	27,392,675	—	5,061,263	22,331,412	490,882	3.98
1969	25,942,615	—	5,061,263	20,881,352	518,281	3.72

Economic Investment Trust Limited

FINANCIAL RECORD - 1928 - 2002 (cont'd)

Year Ended Dec 31	Total Net Assets at Market Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Income Available For Common Shares	Net Equity Value per Common Share=
1970	\$ 24,365,591	\$ —	\$ 5,061,263	\$ 19,304,328	\$ 557,159	\$ 3.44
1971	27,254,532	—	5,056,013	22,198,519	540,382	3.95
1972	34,888,401	—	5,056,013	29,832,388	594,727	5.31
1973	32,612,656	—	5,056,013	27,556,643	621,910	4.91
1974	24,135,473	—	5,024,513	19,110,960	726,197	3.40
1975	26,585,662	—	4,870,950	21,714,712	863,375	3.87
1976	31,637,836	3,000,000	4,738,387	23,899,449	875,571	4.26
1977	36,995,088	3,000,000	4,685,677	29,309,411	901,695	5.22
1978	47,494,243	4,000,000	4,622,677	38,871,556	1,252,333	6.92
1979	57,999,880	4,000,000	4,526,340	49,473,540	1,324,406	8.81
1980	76,697,109	4,000,000	4,375,665	68,321,444	2,194,507	12.17
1981	64,064,872	4,000,000	4,239,165	55,825,707	1,639,037	9.94
1982	68,178,899	4,000,000	4,104,503	60,074,396	2,020,002	10.70
1983	89,218,448	4,000,000	3,973,253	81,245,195	1,999,146	14.47
1984	92,329,348	4,000,000	3,792,915	84,536,433	2,300,654	15.06
1985	110,213,106	4,000,000	3,588,690	102,624,416	2,255,834	18.28
1986	116,528,995	—	3,582,600	112,946,395	3,010,235	20.11
1987	107,137,081	—	3,388,350	103,748,731	3,262,872	18.48
1988	117,278,175	—	3,388,350	113,889,825	4,057,330	20.28
1989	138,902,425	—	3,209,850	135,692,575	11,033,069	24.16
1990	111,688,074	—	3,078,600	108,609,474	4,507,819	19.34
1991	121,167,500	—	2,947,350	118,220,150	3,686,237	21.05
1992	118,601,216	—	2,816,100	115,785,116	4,425,086	20.62
1993	160,510,602	—	2,684,850	157,825,752	4,132,163	28.11
1994	157,005,838	—	2,553,600	154,452,238	3,607,944	27.50
1995	173,784,673	—	2,411,850	171,372,823	3,707,690	30.52
1996	220,022,041	—	2,267,475	217,754,566	4,229,442	38.78
1997	315,642,038	—	2,151,975	313,490,063	4,496,004	55.82
1998	312,297,757	—	1,957,725	310,340,032	5,020,547	55.26
1999	335,118,175	—	1,847,475	333,270,700	4,053,649	59.35
2000	409,292,748	—	1,758,225	407,534,523	4,681,449	72.57
2001	374,087,462	—	1,600,725	372,486,737	5,039,506	66.33
2002	344,740,715	—	1,539,038	343,201,677	4,380,966	61.12

* Total assets at market value less current liabilities exclusive of funded debt and preferred shares. For the years 1972 to 2000, total net assets include the refundable capital gains tax on hand.

** Preferred Shares at redemption price of \$52.50 per share.

= As of December 31, 2002 there were 5,615,535 common shares outstanding. The calculation of net equity value is restated to reflect the following:

Historical Stock Dividends

Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price
1951	5 for 2	Split	1988	1 for 63	\$64.26	1997	1 for 13.3767	\$ 160.52
1963	5 for 1	Split	1989	1 for 67	70.35	1998	1 for 29.0495	152.51
1982	1 for 8	\$ 50.08	1990	1 for 56	82.32	1999	1 for 35.8532	144.13
1983	1 for 7	49.07	1991	1 for 30	64.80	2000	1 for 30.4794	146.13
1984	1 for 20	60.00	1994	1 for 27.7	91.41	2001	1 for 5.81549	172.72
1985	1 for 22	59.40	1995	1 for 28.78	86.34	2001	2 for 1	Split
1986	1 for 31	69.75	1996	1 for 38.4246	96.83	2001	1 for 24.1111	69.44
1987	1 for 17	71.40	1997	1 for 37.6442	117.45			

